

Risk Reward Study Group  
Meeting #5 – Facilitator's Notes  
August 16, 2004

**Notice**

These facilitator's meeting notes have been prepared for the personal use of the participants in the Risk Reward Study Group (RnR Group). These notes do not necessarily represent the position of any individual participant or the position of the group as a whole. Because different views and positions may be developed in subsequent discussions, these notes are provided solely for information purposes and to communicate the general nature of the discussion.

**Attendance**

Member	On Site	By Phone	Absent
Ray Bliven (DSIs)			X
Stefan Brown (OPUC)			X
Dick Byers (WUTC)			X
Kurt Conger (Grid West Coordinating Team)		X	
Pete Craven (PacifiCorp)			X
Tom DeBoer (PSE)			X
Chris Elliott (Grid West Coordinating Team)		X	
Tom Foley (Renewable Resources Community)			X
Jim Hicks (PacifiCorp)		X	
Dave Hoff (PSE)			X
Bob Kahn (NIPPC)		X	
Bud Krogh (Grid West Coordinating Team)		X	
Marla Larson (Montana PSC)			X
Larry Nordell (MT Consumers)		X	
Mike McMahon (Snohomish PUD)		X	
Terry Morlan (NWPCC)			X
Kevin O'Meara (PPC)			X
Carol Opatrny (BCTC) - <i>Co-Lead</i>			X
Lon Peters (PGP)		X	
Ken Petersen (Idaho Power Company)			X
Janelle Schmidt (BPA) - <i>Co-Lead</i>		X	
Marilynn Semro (SCL)			X
Vito Stagliano (Calpine)			X
Lou Ann Westerfield (IPUC)			X
Linc Wolverton (ICNU)			X

Guests/Replacements:

Kurt Granat (PacifiCorp); Rich Lauckhart, Henwood Energy

## **Topics of Discussion**

### **1. Introductions**

Bud Krogh reviewed the agenda and all participants introduced themselves.

### **2. Update on Problem Quantification Survey**

In Carol's absence, Janelle Schmidt and Christine Elliot reviewed the progress made on the problem quantification survey.

- Carol Opatrny, with Christine Elliot's help, has interviewed Jack Bernhardson of the PNSC, Dean Perry (regarding data he has compiled on Path Usage), and TransAlta.
- Janelle has conducted preliminary interviews with TBL and PBL, which will be followed up by more formal interviews conducted by Carol using the preliminary survey.
- Preliminary results of interviews and a finalized survey instrument will be presented at the September 23<sup>rd</sup>/24<sup>th</sup> RRG.

### **3. Update on Benefit/Cost Study Review**

Janelle Schmidt reviewed progress in the Benefit/Cost study review:

- The modeling of pancaking – Linc has written a paper on the issue of how existing pancaking charges should be represented in an Optimized Power Flow (OPF) model. Janelle has had preliminary discussions with Kurt Granat and Jim Hicks on the subject. Janelle will follow up with further discussions and by involving of Kurt Conger.
- Accounting of “congestion rents” – Janelle has further discussed this issue with Kurt Granat. This will be addressed again at the next meeting.
- The modeling of the current state of the “contract path” limits used for the base case – Ms. Schmidt is still researching this issue, with Kurt Granat's help.
- Another TCA review meeting will be held in late August/early September.

### **4. Update on Cost Estimate Group:**

- Kurt Conger followed up on our questions of The Structure Group regarding their analyses of cost drivers and considerations and sent out answers several weeks ago.
- APPA is conducting a survey of utility costs and benefits.
- Kurt Conger will set up a first meeting for the cost estimate group.

## **5. Review of Snohomish PUD Cost Benefit Study, by Rich Laukhart**

Rich Lauckhart, of Henwood Energy, joined the meeting by phone to explain the work they are doing for Snohomish PUD.

The following subjects were covered:

- a) Snohomish's Board wanted to readdress questions raised by the Tabors Caramanis study in '02. Given the age of that study, the decision was made to conduct a similar study independently rather than spend time re-doing or adjusting the older TCA numbers.
- b) Snohomish set a 60-day timeline for getting results, which prevented getting financial and analytical support from others, assuming that securing support could take 60 days to put together. Thus the Board decided to do the study itself. Ultimately it retained Henwood to do the cost benefit analysis because of Henwood's knowledge of the PNW, expertise with well-accepted models, and experience with studies on similar subjects.
- c) On July 6 Snohomish engaged Henwood, and gave them 60 days to come up with preliminary results. Rich is the project manager for Henwood and has 5 other people working on the project. They are doing their best to model the existing state and the Grid West end state. They've been asked to conduct a study similar to the one done by TCA. Part of their work has been to better understand what Tabors did, though they have had a hard time finding details. Rich hopes this (RnR) group can direct him towards some of those answers.
- d) Henwood is half way through the initial 60-day period.
- e) They are modeling the existing state and the end state.
- f) There were discussions of many detailed modeling issues, including:
  - i) How to model existing pancaked rates;
  - ii) How to model contract path limitations;
  - iii) How to capture operating reserve costs/benefits;
  - iv) Various issues as to how TCA modeled contract path, reserves, pancaked rates, etc.
- g) Rich asked for assistance in a variety of areas – both questions about TCA and how to get data.
- h) There were questions about how the output would be used.
- i) Janelle Schmidt will be Rich's liaison/contact person to the RnR group and assistant in digging up data.

**Materials Provided**

None

**Next Meetings**

September 9 conference call from 9:30 a.m. to 10:30 a.m.